

ANNUAL  
SHARE NO. 4

Certificate No. 8

No. of Shares 50,000

Share Ledger Folio 32

**SHARE CERTIFICATE  
AMERINDIA FOODS LIMITED**

(Incorporated under the Indian Companies Act, 1956)  
Authorised Capital Rs. 10,00,00,000/-  
Divided into 50,000 Shares of Rs 10/- each

This is to Certify that Vijay Datta is the Registered holder of 50,000 shares of Rupees 10/- each numbered from 71 to 50,000 both inclusive in the above named Company subject to the provisions of the Memorandum and Articles of Association thereof & upon which calls have been made as per endorsement on reverse.

Given under the common Seal of the said company this 13th day of Nov 2003

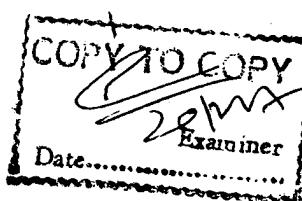
For Amerindia Foods Limited

Authorised Signatory

Director

S. N. Datta  
Managing Director

EXHIBITURE NO. 4



VIJAY DATTA  
Sub Divisional Manager  
Rajouri Garden  
Old Middle School Compound  
Ram Pura, Delhi-110030

28/11/03  
ds

1108

Pay to the  
Rupes

रुपये देक्क रुपये

FOR  
SH  
U.S.

21 FEB 2007

No. ४७०५.....दिनांक.....  
राज्य संसद के सचिव / अपर सचिव / उप  
सचिव / अधिकारी, अधिकारी के सचिव / अनुभाग  
अधिकारी, अधिकारी के सचिव / अनुभाग  
किये जाते हैं।  
This is to certify that the amount mentioned  
below is due and payable to the  
Secretary / \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
Officer of \_\_\_\_\_ by \_\_\_\_\_ on \_\_\_\_\_  
Date \_\_\_\_\_.

*Shk*  
(**शेखर यादव / SHEKHAR YADAV**)  
राज्य सचिव (बॉन वाइ)  
Section Officer (O.I.)  
शीर्षी प्रशासन/CPV Division  
विदेश मंत्रालय, नई दिल्ली  
Min. of External Affairs, New Delhi



001108

यूनियन बैंक ऑफ इंडिया  
UNION BANK OF INDIA  
गांधीनगर-422001 (महाराष्ट्र)  
Nashik City-422001 (Maharashtra)

53 238

21

No. 5

Pay to AMERINDIA FOODS LTD

रुपये Rupees Five Lacs only.

या धारक को or Bearer

रु. RS. 5,00,000

अदा करें

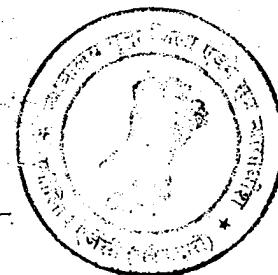
N.R.E.

दरवत देक साता नं. S.B. A/C No. 124559

*[Signature]*  
30.12.1996

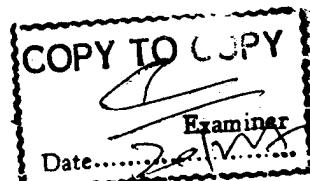
FOR THE A/C OF  
SHRI JAGJIT SINGH RANDHAWA  
U.P.A

ATTN. SHRI S. BHATIA  
D.F.



ANNEXURE No. 5

*By  
Examiner*



*24/12/07*  
VIJAY DATTA  
Sub Divisional Magistrate  
Rajouri Garden,  
Old Middi's Scientific Complex  
Rani Pata, Delhi-110034.

DOC 17

रा. ५०५० दिनांक 21 FEB 2007  
मा. अधिकारी उपर्युक्त  
मा. अधिकारी उपर्युक्त  
मा. अधिकारी उपर्युक्त  
मा. अधिकारी उपर्युक्त  
मा. अधिकारी उपर्युक्त



*S. Yada*  
शेखर यादव / SHEKHAR YADAV  
मानव संसाधनों (मोर्यादा)  
मानव संसाधनों (मोर्यादा)  
दीर्घांकी प्रयोग सेवा विभाग (D.L.)  
विदेश संनिधि, नई दिल्ली  
Ministry of External Affairs, New Delhi



OFFICE:  
100 TENTH STREET, SUITE 439  
BERKELEY, CA 94710  
U.S.A.  
Tele: 001-419-1835

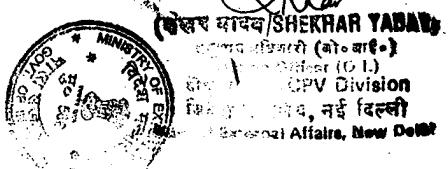
21 December, 1

Shri Jagjit Singh  
2023 Key Boul.  
El Cerrito, Ca.  
U.S.A. 94530

## Reference

क्र. 29819 दिनांक  
नं. 10 दिनांक दिनांक  
वर्ष 1980 दिनांक दिनांक  
प्राप्ति दिनांक दिनांक

121 FEB 2007



TABAWI  
(+)  
(-)  
ision  
दलसी  
new Dabur

23

**AMERINDIA FOODS LIMITED**  
231 JAINA TOWERS  
VIKASPURI, NEW DELHI 110 018

7100  
11TH STREET, SUITE 439  
EL CERRITO, CA 94710  
Tel: 001-510-1855

Telephone: 5346151  
Fax: 5346152

21 December, 1996

Shri Jagjit Singh Randhawa  
2023 Key Boulevard Street  
El Cerrito, California  
U.S.A. 94530



Reference Number: Corp.3/USA/34

Respected Shri Randhawa Ji:

Today we have received an amount of Five Lakhs and Fifty Two Thousand Rupees towards your investment in our company through Mr. Padam Khanna, our lawyer in the USA. We thank you very much for this investment and hereby inform you that we have already dispatched company material and our proposed construction schedule of our plant at Nasik.

On Fourth of January in the coming New Year, we are holding a Corporate meeting here at our offices in New Delhi. At that time we will issue all the stocks and shares to all the shareholders and elect the Board of Directors. Please confirm your mailing address.

Once again, we thank you for your investment

Very truly yours,

Suresh Bhatia  
Director of Finance

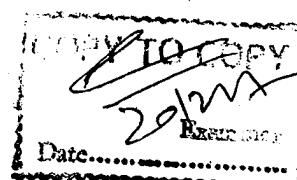
cc. Mr. Chiter Sain Khanna  
Chairman

BJC  
Suresh Bhatia

EXHIBIT 6

ANNEXURE NO. 7

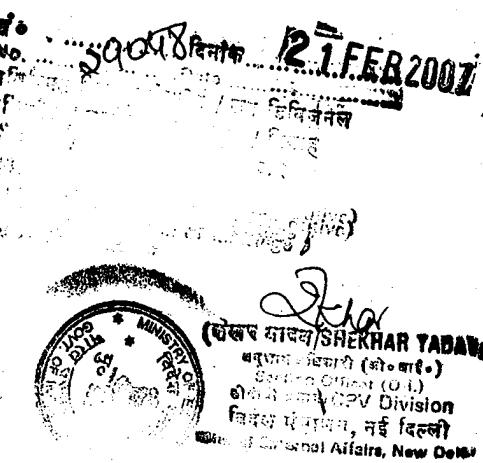
0020



24/12/07  
VIJAY DATTA  
Sub Divisional Manager  
Rajouri Garden, New Delhi  
Old Middle School, Sector 34  
Ram Pura, Delhi, India

Mr. Jagjit Singh  
Village Randass (Kothe  
Tehsil Agra

India Office:  
202 Tulsingh House  
Chhata Chowk  
Road, Maharashtra State, India 422 002  
India Plastic  
Dundon, Noida, India



ANNEXURE No... 8

AMERINDIA FOODS LTD. 24

2600 Tech Street

BERKELEY, CALIFORNIA 94710

Telephone: (510) 549-2786  
Facsimile: (510) 549-2832

India Office:  
Plot No. 100  
Sector 10  
Panvel, Maharashtra State, India 410 002

India Plant:  
Dandora, Nasik, India



July 7, 1997

Mr. Jagjit Singh  
Village Raundass (Kothe)  
Tehsil Ajnala  
Amritsar, INDIA

Dear Mr. Rachhpal Singh:

This is to inform you that finally we have been able to secure the permission from the central government for shipping machinery from the United States. We expect to receive the final permission from the Reserve Bank of India very soon. As soon as we have RBI permission we will start shipping the machinery to Nasik. Immediately thereafter you and Mr. Jagjit Singh will be asked to leave for Nasik. We will send you Rs. 5,000 each for the month of August, 1997 along with moving expenses to Nasik. As soon as our machinery and financing is in place, we will raise your salary considerably and invite you and Mr. Jagjit Singh to the United States for training.

Very truly yours,

Arthur Berg

AB/ms

0050

ANNEXURE No... 8

EXHIBIT 8

20/7/97  
8/6/97  
9/1/97  
c/s  
VIJAY DATTA  
Sub Divisional Engineer  
Rajouri Garden,  
Old Middle School Compound,  
Ram Pura, Delhi-110038.

U.S. Office:  
25630 Tenth Street  
Hercules, California 94710  
India Plant:  
Dindori, Nashik, India

194 Scoplen

Mr. Jaggi's  
Avis Rem. A  
Oxford & H  
Verkley, C  
Mittell S

21 FEB 2007

TL:510-549-2832  
ANNEXURE No... 9Oct 1997 15:41 No.001 P.01  
253AMERINDIA FOODS LIMITED  
202, Turnung Point, Canada Center  
NASHIK, MAHARSHTRAUS Office:  
1600 Tench Street  
Berkeley, California 94710India Plant:  
Dindori, Nashik, IndiaTelephone: (0253) 577-1133  
Facsimile: (0253) 313-73319<sup>th</sup> September, 1997Mr. Jagjit Singh Randhawa  
Avis Rent A Car System, Inc.  
Oxford & Hearst Street  
Berkeley, California 94704  
UNITED STATES OF AMERICA

## RE: ISSUANCE OF CLASS 'A' PREFERRED STOCK

Dear Mr. Randhawa:

We are pleased to inform you that our registration formalities with the Indian government have been completed. We are now in the process of issuing the stock certificate to our preferred investors. Class 'A' Preferred Stock has been valued at the corporate books at Rs. 50 per share. As your total investment is Rs.10,00,000, you are entitled to a stock certificate worth 20 lakhs shares.

Our financing is near completion and we will begin constructing our plant in the month of January, 1998.

Please keep us informed of any change in your address.

Sincerely,

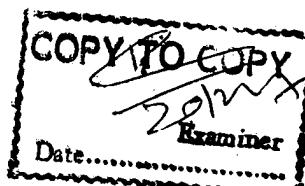
Virinder Kumar  
Secretary-Corporate Affairs

*RTC  
Greenamer*

ANNEXURE No... 9

EXHIBIT 4

005



*91/2167*  
C/S VIJAY DATTA  
Sub Division of P. and T.  
Rajput Chawla  
Old Middle School  
Ram Pura, Dehradoon



February 19, 2003

## PERSONAL AND CO

Kanwal Sain, Financial  
Amerindia Foods, Limi  
202 Turning Point  
Canada Center  
Nashik 422-002 M.S.  
India

दिनांक 21 FEB 2007

मा. ५५०४८



श्री शेखर यादव / SHEKHAR YADAV  
मन्त्रालय - विदेशी (विदेशी)  
विदेशी ऑफिस (O.I.)  
दिव्यांग विभाग, CPV विभाग  
दिल्ली दूतावास, नई दिल्ली  
Ministry of External Affairs, New Delhi

THE STATE BAR  
OF CALIFORNIA

1149 SOUTH HILL STREET, LOS ANGELES, CALIFORNIA 90015-2299

OFFICE OF THE CHIEF TRIAL COUNSEL  
ENFORCEMENT28  
TELEPHONE: (213) 765-1000  
TDD: (213) 765-1566  
FAX: (213) 765-1318

DIRECT DIAL: (213) 765-1171

February 19, 2003

PERSONAL AND CONFIDENTIAL

Kanwal Sain, Financial Controller  
 Amerindia Foods, Limited  
 202 Turning Point  
 Canada Center  
 Nashik 422-002 M.S.  
 India

In Re: Case Number: 02-Q-11383  
 Respondent: Padam Kumar Khanna

Your Reference No.: IN/IN/AM-06

Dear Mr. Sain:

This office is investigating a complaint filed against the California attorney, named above, regarding monies Jaggit and Baljit Randhawa paid to the attorney in the amount of \$25,000.00. These funds were paid to Mr. Khanna in the belief that these funds were being invested in Amerindia Foods, Ltd., otherwise known as Khanna Foods, USA.

On November 18, 1996, Jaggit and Baljit Randhawa deposited a total of \$16,000.00 in an account in the name of Khanna Foods, USA as an investment. However, they never received an accounting from either the attorney, Khanna Foods, USA or Amerindia Foods, Ltd.

Jaggit and Baljit Randhawa state that they requested a refund of their money, however, they were informed that the monies could not be withdrawn from the account, that the account was closed in 1999 by the attorney and allegedly the funds were turned over to Amerindia Foods, Ltd. and they would have to get the funds from Amerindia. Mr. Khanna states that he requested Amerindia to refund the monies to the Randhawas. However, they never received any portion of these funds.

The bank these funds were placed into was Bank of America, account number 05559-07175, in the name of Khanna Foods, USA. \$9,000.00 was deposited on November 18, 1996 and \$7,000.00 on November 19, 1996.

ANNEXURE No. .... 10 (1)

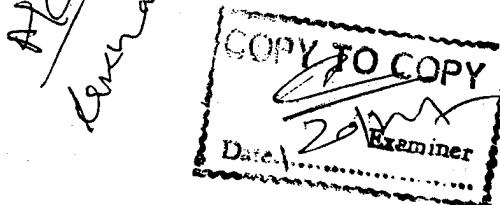


EXHIBIT B 0037

aks 8/6  
 21/2/07  
 VIJAY DATTA  
 Sub Divisional Magistrate  
 Rajiv Gandhi  
 Old Midas Colony, G.O.  
 Ram Pura, Dehradoon.

Spain, Financial 605/2

I would appreciate any assistance.  
Amerindia Foods, Ltd. ~~opera~~ Page  
K. Khanna account.

Mr. Khanna contends that <sup>14</sup> of <sup>50</sup> account to be used strictly in legal representative of Amrit

Please provide me with documents from January 1, 1996 through December 31, 1996.

Please provide a response!  
expeditiously as possible.

Thank you for your courtesy.

TO (2)



Khanna, Financial Controller

19, 2003

Page 2

I would appreciate any assistance you can give me in tracking these funds to establish whether Amerindia Foods, Ltd. ever received these funds and whether Mr. Khanna was authorized to open the Khanna account.

Mr. Khanna contends that Amerindia Foods, Ltd. authorized him to open the Khanna Foods, USA account to be used strictly to pay for expenses and other related expenses incurred by Mr. Khanna as the legal representative of Amerindia Foods, Ltd. in the United States.

Please provide me with documentation that Amerindia Foods, Ltd. did exist during the period from January 1, 1996 through December 31, 1999.

Please provide a response to this letter as soon as possible so that we can resolve this investigation as expeditiously as possible.

Thank you for your courtesy and cooperation in this matter.

Very truly yours,

*Alice Verstegen*

Alice Verstegen  
Senior Investigator

AV/nb

TO (2)

h:\work\verstegen\02011383\versainlab

*SJK/Khanna*



*20/12/07*  
20/12/07  
VIJAY DATTA  
Sub Divisional Magistrate  
Rajouri Garden,  
Old Middle School Complex,  
Ram Pura, Delhi-110035.

0038

Alice  
Attori  
Officer  
The 50  
1140  
Los A  
UNITE

REFER  
KANTAJI

रं. 02044 दिनांक ..... 21 FEB 2007  
No. .....  
अधिकारी विवर / दस्तावेज़ / दिलाह  
महिला / अपार्टमेंट / दिलाह  
दिलाह / दिलाह दार  
सदांगन / दिलाह (Executive)  
To : .....  
M.A. / .....  
M.M. / .....



*S. K. Tabad*  
शेर्हर यादव / SHEKHAR YADAV  
अधिकारी (ओ.वाइ.)  
Section Officer (O.I.)  
of विदेशी विवर, CPV Division  
विदेशी विवर, नई दिल्ली  
Ministry of External Affairs, New Delhi

RECEIVED  
21 FEB 2007  
DRAFT

EXHIBIT No. 11(1)

CHITER S. KHANNA  
ADVOCATE  
SUPREME COURT OF INDIA  
QU - 39B, PITAMPURA  
NEW DELHI

TEL: 3534-9057

Email: chiterkhanna@yahoo.com

12 September, 2003

Alice Verstegen  
Attorney, Special Investigator  
Office of The Chief Trial Counsel, Enforcement  
The State bar of California  
1149 South Hill Street  
Los Angeles, California 90015-2299  
UNITED STATES OF AMERICA

REFERENCE YOUR LETTER DATED 19/2/2003 AND ADDRESSED TO MR.  
KANWAL SAIN, FINANCIAL CONTROLLER OF AMERINDIA FOODS LIMITED  
(AFL)

Dear Madam Alice Verstegen:

This reply is to your letter dated 19/2/2003, addressed to Shree Kanwal Sain, Financial Controller of the above referenced company which has been forwarded to me for reply. AFL has been inoperative since 1999. So sorry for the delay. I am still the Chairman and therefore the proper authority to reply to your enquiries. Mr. Kanwal Sain also co-signs this letter.

Mr. Padam Khanna and his family in India owned a large farm where it produced high quality tomatoes and other vegetables and had the latest technology of crop husbandry and seed planting along with the hybrid tomato seeds. Mr. Padam Khanna and AFL entered into a contract in August 1996 Technology Transfer Contract with AFL wherein Mr. Padam Khanna was to invest the farm and provide technical know-how in exchange for equity shares of AFL.

Under the strict Foreign Exchange Regulation Act, 1973 as amended, this collaboration had to be approved by the Reserve Bank of India as remittances and dealings in foreign exchange were involved.

EXHIBIT No. 11(1)

EXHIBIT C

20/07/2007  
VIJAY DATTA  
Examiner Sub Divisional Magistrate  
Regd. Garden,  
Old Middle Seated Colony,  
Ram Pura, Delhi-1, India

No...  
Mr. Patel  
where to  
Dollar  
Call in  
this account  
for remittance

In January  
the Reserve  
lump sum in  
USA. The  
records of  
probably 50  
you are  
providing  
for remit  
reference  
306/96/9  
Foods, U  
Californ  
In Novel

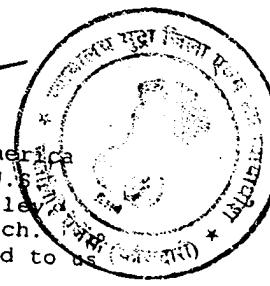
वं. ५७८४३. दिनांक १२/१/२००७  
No. ५७८४३. Date 12/1/2007  
अन्तर्राष्ट्रीय विवाह विवरण / विवाह विवरण  
संस्कृती विवाह विवरण / विवाह  
राज्य संस्कृती विवाह विवरण  
उत्तर प्रदेश सरकार  
राज्य संस्कृती विवाह विवरण  
(Executive)  
शादी का विवरण  
शादी का विवरण



*S. K. Tadvi*  
(शेखर ताद्वी/SHEKHAR TADVI)  
कर्मसाधारणी (मोर्गाना)  
Section Officer (O.I.)  
विवाही विभाग/CPV Division  
विवाह विभाग, नई दिल्ली  
Ministry of External Affairs, New Delhi

No... II.(2)

29



Mr. Padam Khanna was asked to set up an account in America where he could receive the Royalty Payment of 4% in U.S. Dollars. Mr. Padam Khanna opened an account in Berkeley California U.S.A. in Bank of America, East Shore Branch. This account number 121000358-05559-07175 was provided to us for remittances of foreign exchange from India.

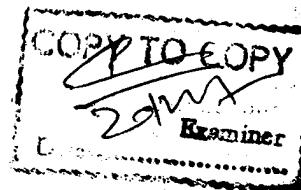
In January 22, 1997, we finally received the permission from the Reserve Bank of India for remittances in U.S. Dollars in lumpsum and the regular Royalty Payments for Khanna Foods, USA. Though, we are not required to furnish any corporate records to you without the Indian Court's orders which probably will take you over five years to find out whether you are entitled to the records or not, I am, willingly, providing a copy of the Reserve Bank of India's permission for remittance of foreign exchange to Khanna Foods, USA. The reference to that letter is EC.CO.FITT.401 /12.51.00/A-306/96/97. We duly registered the said bank account of Khanna Foods, USA, Bank of America, East Shore Branch, Berkeley, California, USA with the Reserve Bank of India.

In November, 1996, if my memory serves me well, I received an urgent telephone call from M. Padam Khanna, who informed me that one of his clients, who also comes from a farming family in Punjab, had deposited \$16,000 U.S. Dollars in Khanna Foods, USA for investment in AFL. He was very upset. His client did it without his permission. Mr. Padam Khanna asked me for help. As a member in good standing of the Supreme Court of India, I advised him that it was highly improper and would violate various Foreign Exchange Regulation Act and Corporation Code statutes of India. One possibility was that he could just return those \$16,000 to his client as he had complete control over the account. However, as per our Technology Transfer Agreement, any dollar funds in Khanna Foods Account, deposited in the name of AFL, would constitute Foreign Exchange remittances under the Foreign Exchange Regulation Act, 1973 (FERA) as amended. That would constitute a violation. Second, the Board of AFL could create legal problems for Mr. Padam Khanna for not seeking advice from AFL and returning the funds deposited for AFL. I, further, advised him that AFL was in the final stages of approval for the Royalty Transfer from the Reserve Bank of India and that we did not want to jeopardize our chances. Hence the safest and the correct step would be to remit the funds to AFL and then we would immediately refund those to his client as unsolicited funds for investment.

It must be pointed out that under the Indian Corporation Code, no company can receive unsolicited funds or deposits in its account. Any request for shares of an Indian company

ANNEXURE No... II.(2)

2



8/10  
21/10/07  
VIJAY DATTA  
Sub Divisional Magistrate  
Rajouri Garden,  
Old Middle School Complex,  
Ram Pura, Delhi-110035

05/2007  
must  
Direct  
acc  
formal pro  
company.  
Allotment  
considered  
this case  
of 4 Janua  
and the fo  
This was at  
received the  
(enclosed he  
\$16,000 with  
Mr. Randhawa  
Mr. Padam Kh  
Foods accoun

This was 50<sup>1</sup> received ~~50~~ enclosed he \$16,000 with Mr. Randhawa Mr. Padam Kh. Foods account

The name of  
Ranjhawa, we

No. 11 (3)

- 30 -

must be proscribed through an application to the Board of Directors wherein the Board has the authority to either accept or reject the application. We have a systematic and formal procedure for investment for shares in an Indian company. There is a Register of Shares Application & Allotment which has 22 columns. A proper application with considerable details is to be filled up. None was done in this case. Our records also show that in our Board meeting of 4 January, 1997, the Randhawa matter was duly discussed and the full refund was approved.

This was a very sound advice. On January 29, 1997, we received the final Permission from the Reserve Bank of India (enclosed herewith). Mr. Padam Khanna immediately deposited \$16,000 with AFL in equivalent Indian Rupees in the name of Mr. Randhawa. This fact was duly acknowledged all around and Mr. Padam Khanna was now free to use those \$16,000 in Khanna Foods account any way he wanted.

The name of Mr. Padam Khanna's client was Mr. Jagjit Singh Randhawa. We have no knowledge or record of Baljit Randhawa. Mr. Jagjit Randhawa never mentioned Baljit Randhawa during our various communications. This investment was received without any application and without any solicitation by any member of the Board or by any officer of the company. Mr. Padam Khanna could not either solicit or request Mr. Randhawa to invest in AFL. He was neither a director nor an officer of AFL.

Mr. Randhawa's application for investment was rejected by the Board and the funds so deposited, Rs. 5,52,000 or \$16,000 were earmarked for refund.

Apparently, in my personal opinion and the opinion of the members of the Board, Mr. Randhawa had indeed invested in AFL only on the pretext of getting his brother-in-law and cousin into the United States. Without going into the details, I wish to explain that people from the area where Mr. Randhawa comes from, have adopted unique, novel and desperate measures to get to the United States. I have been personally approached by Mr. Randhawa's brother-in-law and cousin regarding help for getting visas to the United States. When they sent me their passports, I made enquiries. During the course of my enquiries I found out that I could not get the proper information and that their statements were contradictory. I returned their passports and declined to undertake their cause.

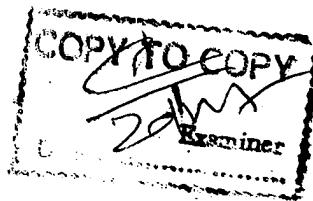
3

No. 11 (3)



VIJAY BATTA

Sub Divisional Magistrate  
Raipur Division,  
Old Middle School Complex,  
Raipur, D.C. 492005.



We have  
sub-sec  
Regul  
noti  
264/  
grants perm  
unsolicited  
AFL was  
Mr. Randy

In the firs  
members of  
wherein M  
his invest  
requested t  
shares whic  
can decide  
application.  
completed a  
irregularit  
entries, wer  
issued clas

21 FEB 2007

रु. 2904)

दिनांक

No. ....

प्राप्ति दिनांक

प्राप्ति

प्राप्ति



(सेकर यादव/ SHEKHAR YADAV  
मिनिस्टरी ऑफ एक्सार्टिएट (मो.ए.ए.ए.)  
Section Officer (O.I.)  
विदेशी विभाग/CPV Division  
मिनिस्टरी ऑफ एक्सार्टिएट, नई दिल्ली  
Min. of External Affairs, New Delhi

11(4)

31

have made every possible effort from 1997 to 1999 to refund the funds to Mr. Randhawa. This has been done as per sub-section (1) of section 9 of the Foreign Exchange Regulation Act, 1973 (46 of 1973) and in supersession of the notification of the Reserve Bank of India No. F.E.R.A. 264/73-R.B. dated 4<sup>th</sup> October, 1973, wherein the Reserve Bank grants permission to Indian corporate bodies for refunds of unsolicited funds if made in hard currency. In other words, AFL was legally and financially able to refund the money to Mr. Randhawa.

In the first week of February, 1997, Mr. Kanwal Sain remembers his conversation with Mr. Jagjit Singh Randhawa wherein Mr. Randhawa replied to Mr. Sain's letter regarding his investment. Mr. Randhawa insisted that he be allowed to invest and that the money not be refunded. Mr. Randhawa requested that he be sent an application for allotment of shares which he would fill out properly and then the Board can decide whether to accept his application or not. An application was sent to Mr. Randhawa. We never received the completed application. However, we acknowledge certain irregularities in our finance department wherein certain entries were made which showed that Randhawa was to be issued Class A Preferred Stock for a pledged investment. This information was later corrected and Mr. Randhawa was duly notified that his investment would be refunded and no stocks would be issued. That letter was mailed to Mr. Randhawa on 18 October, 1997 at his work place address.

Ostensibly, Mr. Randhawa, had other ideas. Mr. Randhawa had insisted that he be given shares and not the money and that the investment would facilitate the visits of his brother-in-law and cousin to the United States of America. AFL and myself have not discussed Mr. Randhawa's AFL investment with Mr. Padam Khanna since our initial discussion. The talks about Mr. Randhawa have resumed between AFL and Mr. Padam Khanna only during the past two months.

The management of AFL had made every possible effort to refund the money, minus nominal charges. It must be pointed out that Mr. Randhawa was in constant touch with the AFL management till late 1997. I have been given to understand that Mr. Randhawa severed his relationship with AFL and never gave us his new address. Since our last communication of 18 October, 1997, we have not heard from Mr. Randhawa and hence we have been unable to refund the said unsolicited investment which was kept in protected escrow account.

ANNEXURE No....11(4)

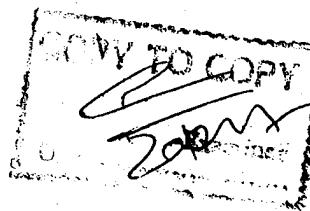
4

RJ/Exhibit

c/s 8/6  
26/167

VIJAY DATTA

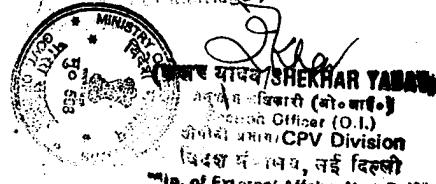
Sub Divisional Magistrate  
Rajouri Garden,  
Old Middle School Complex  
Ram Pura, Delhi-110064



रु. 2040 दिनांक ..... 21 FEB 2007

मा. .... दिविजनल  
विवरण / दिवाहि

विवाह / विवाह



11(5)

32

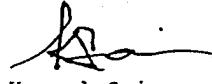
We ceased our operations in 1999. We are in the process of liquidation.

I do hope I have answered all your questions. Mr. Randhawa is neither a share holder nor an Indian citizen. Therefore, he can not require AFL to answer any of his questions. However, we are giving all this information to facilitate your investigation.

We are also very concerned about Mr. Randhawa's statements regarding AFL.

If there is anything else you need to know, please do not hesitate to contact me. We wish to be advised about the developments in this case.

Read, approved, attested &  
Signed

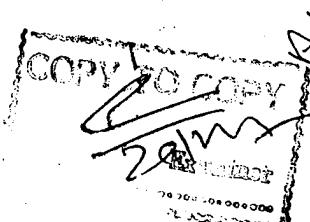
  
Kanwal Sain  
Former, Controller Finance AFL

Very truly yours,

  
Chiter S. Khanna  
Chairman, AFL



No. 11(5)



RHC  
Khanna

844  
20/10/07

5  
VJAY DATTA  
Sub Divisional Magistrate  
Rajouri Garden,  
Old Middle School Compound  
Ram Pura, Delhi-110065.

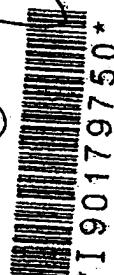
Page 26 of 50

ORIGIN.

THE SPANISH

12

310

 <b>DSTC</b> Domestic Services Transport Co. Ltd. Shipper/Consignee		<b>SHIPPER'S COPY</b>	
		ORIGIN	DESTINATION
<b>INDIA</b> <b>INDIA</b>		<b>U.S.A.</b> <b>U.S.A.</b>	
<b>CHITTE SICHHANA, ADVOCATE, ALICE VERSYGEN,          SUPERIOR COURT OF INDIA, 1952.</b> <b>CHITTE SICHHANA, ADVOCATE, ALICE VERSYGEN,          SUPERIOR COURT OF INDIA, 1952.</b>		<b>U.S.A.</b> <b>U.S.A.</b>	
<b>City</b> <b>INDIA</b>		<b>City</b> <b>U.S.A.</b>	
<b>Contact Name</b> <b>CHITTE SICHHANA, ADVOCATE, ALICE VERSYGEN, 1952.</b>		<b>Contact Name</b> <b>ALICE VERSYGEN, 1952.</b>	
<b>Telephone No.</b> <b>91-44-52-1952</b>		<b>Telephone No.</b> <b>9100512999</b>	
<b>Description of Contents (including pieces and/or marks)</b> <b>1000</b>		<b>Description of Contents (including pieces and/or marks)</b> <b>1000</b>	
<b>Volume/Weight</b> <b>1000</b>		<b>Volume/Weight</b> <b>1000</b>	
<b>Weight Charges</b> <b>1000</b>		<b>Weight Charges</b> <b>1000</b>	
<b>Received in good order and condition</b> <b>Signature</b>		<b>Received in good order and condition</b> <b>Signature</b>	
<b>Print Name</b> <b>CHITTE SICHHANA, ADVOCATE, ALICE VERSYGEN, 1952.</b>		<b>Print Name</b> <b>ALICE VERSYGEN, 1952.</b>	
<b>Date:</b> <b>17/05/2012</b>		<b>Date:</b> <b>17/05/2012</b>	
<b>Dimensions of Consignment (cm<sup>3</sup>)</b> <b>Length</b> <input checked="" type="checkbox"/> <b>Width</b> <input type="checkbox"/> <b>Height</b> <input type="checkbox"/>		<b>Dimensions of Consignment (cm<sup>3</sup>)</b> <b>Length</b> <input checked="" type="checkbox"/> <b>Width</b> <input type="checkbox"/> <b>Height</b> <input type="checkbox"/>	
<b>Print Name</b> <b>CHITTE SICHHANA, ADVOCATE, ALICE VERSYGEN, 1952.</b>		<b>Print Name</b> <b>ALICE VERSYGEN, 1952.</b>	
<b>Date:</b> <b>17/05/2012</b>		<b>Date:</b> <b>17/05/2012</b>	
<b>AIRWAY BILL</b> <b>* 190179750 *</b>			
			
<b>Dimensions of Consignment (cm<sup>3</sup>)</b> <b>Length</b> <input checked="" type="checkbox"/> <b>Width</b> <input type="checkbox"/> <b>Height</b> <input type="checkbox"/>			
<b>Print Name</b> <b>CHITTE SICHHANA, ADVOCATE, ALICE VERSYGEN, 1952.</b>			
<b>Date:</b> <b>17/05/2012</b>			
<b>Received by DSTC Worldwide Express Limited</b> <b>Consignee's Signature</b> <b>17/05/2012</b>			
<b>Accepted by DSTC Worldwide Express Limited</b> <b>Shipper's Signature</b> <b>17/05/2012</b>			

**ANNEXURE No. 12**

WILLY DAY

WISAY DAT

1 2 3 4 5 6 7 8 9 10  
In the Matter of  
PADAM KUN  
Member No. 8  
A Member of

ला. २१७४ दिनांक २१ FEB 2007

संस्कृत विद्यालय / दर्शन विविजन  
संस्कृत विद्यालय / विवाह  
संस्कृत विद्यालय / दर्शन  
संस्कृत विद्यालय / विवाह

संस्कृत विद्यालय (Executive)  
संस्कृत विद्यालय (Marriage)



Shekhar Tada  
Registration Officer (O.I.)  
Samskruthi CPV Division  
विद्यालय नं. १३०, नई दिल्ली  
Ministry of External Affairs, New Delhi

341  
PUBLIC MATTER

FILED

OCT 21 2004

STATE BAR COURT CLERK'S OFFICE  
SAN FRANCISCO

STATE BAR COURT

HEARING DEPARTMENT - SAN FRANCISCO



In the Matter of

PADAM KUMAR KHANNA,

Member No. 85229,

A Member of the State Bar.

Case No. 02-O-11383-PEM

DECISION AND ORDER OF  
INVOLUNTARY INACTIVE  
ENROLLMENT

I. INTRODUCTION

This disciplinary case involves a seasoned attorney who had created a web of deceptions to seduce his unsophisticated clients to invest \$31,000 in a sham corporation and who insists on these same fraudulent and contrived misrepresentations before this Court. His acts of moral turpitude and dishonesty shock the conscience of the legal profession, pose a danger to the public, and degrade the highest possible professional standards for attorneys.

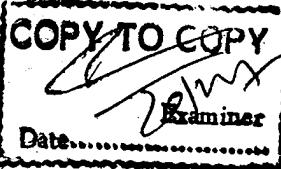
Respondent PADAM KUMAR KHANNA is charged with multiple acts of misconduct in one client matter. The charged misconduct includes (1) failing to comply with certain prophylactic requirements regarding an adverse interest; (2) misappropriating client's investment funds; (3) failing to return client files; (4) failing to render an accounting; (5) misrepresenting to the State Bar regarding the disposition of client funds; (6) misrepresenting to the State Bar about the client files; and (7) failing to cooperate in the State Bar investigation.

This Court finds, by clear and convincing evidence, that Respondent is culpable of all but one of the charged acts of misconduct. Based upon the egregious nature and extent of culpability, as well as the applicable aggravating circumstances, the Court recommends that Respondent be disbarred from the practice of law in California.



BY  
Examiner

ANNEXURE No. 13(1)



21/10/04  
VIJAY DATTA  
Sub Divisional Magistrate  
Rajouri Garden,  
Old Middle School,  
Ram Pura, Delhi-110020

Page 1

Page

30

3 of 3

50

5

AUG

८१

四

21 FEB 2007

24037



*Shekhar Tabar*  
SHEKHAR TABAR  
CPV Division  
114, नई इलाली  
Sector, New Delhi

**II. PERTINENT PROCEDURAL HISTORY**

2 The Office of the Chief Trial Counsel of the State Bar of California (State Bar) initiated this  
 3 proceeding by filing a seven-count Notice of Disciplinary Charges (NDC) on June 25, 2003. On  
 4 August 4, 2003, Respondent filed a response to the NDC.

5 At the August 2, 2004 pretrial conference, the parties stipulated to some of the facts  
 6 underlying the State Bar's charges. These agreed-upon facts were memorialized in a Stipulation As  
 7 to Facts on August 17, 2004.

8 A three-day trial was held August 17-19, 2004. The State Bar was represented in this  
 9 proceeding by Deputy Trial Counsel Tammy Albertsen-Murray. Respondent represented himself.

10 At the close of the hearing, the parties agreed to submit closing trial briefs on September 1,  
 11 2004. The Court took this proceeding under submission on September 7, 2004, after the parties had  
 12 filed closing trial briefs.

**III. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

14 A. **Jurisdiction**

15 Respondent was admitted to the practice of law in California on May 15, 1979, and has been  
 16 a member of the State Bar of California at all times since that date.

17 B. **Findings of Fact**

18 The following findings of fact are based on the parties' partial stipulation of facts and the  
 19 evidence and testimony introduced at this proceeding. Other than Respondent, the witnesses who  
 20 testified at trial were Jagjit Sing Randhawa, Baljit Randhawa, attorney Bryant H. Byrnes, and State  
 21 Bar investigator Alice Verstegen. The Court finds Respondent's testimony to be self-serving and  
 22 not credible. However, the Court finds the other witnesses to be credible.

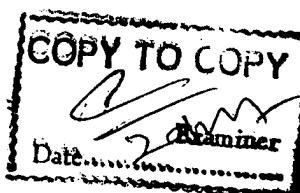
23 1. *Representation of Baljit Randhawa*

24 Jagjit Sing Randhawa and Baljit Randhawa are Indian immigrants who speak very limited  
 25 English. Jagjit has been a gas station attendant in Oakland since 1989 and had a second job at a car  
 26 rental company in Berkeley until 2000. His wife, Baljit, has worked at a fast food restaurant for the  
 27 past six years.

28 While working at the car rental company, Jagjit met Respondent, who was a frequent

-2-

ANNEXURE No... 13(2)



8/6/07  
26/2/07  
VIJAY DATTA  
Sub Divisional Magistrate  
Rajouri Garden,  
Old Middle School Complex,  
Ram Pura, Delhi-110030

1	customer ther	7	customer ther
2	friend because	8	The Ra
3	Page 32 of 50	9	Respondent SI,
4	Before	10	not ask for a rec
5	In 199		
6	matters: (1) Vi		
7	There was no f		
8			
9			
10			

29037(+) 21 FEB 2007

..... या दिविजतल

१०४५

1920-21

John Deere Tractor

शेरहान यादव/SHERHAN YADAV

1. (410418)

## IV/V DIVISION

Ministry of External Affairs, New Delhi



lomer there and speaks Jagjit's native language, Punjabi. Jagjit considered Respondent to be a friend because of their common culture and language.

Between 1996 and 1999, the Randhawas hired Respondent to represent them in several legal matters.

5 In 1996, Respondent provided legal services on behalf of and advice to Baljit in three  
6 matters: (1) Vehicle Code violations; (2) Temporary Restraining Order (TRO); and (3) shoplifting.  
7 There was no fee agreement.

8 The Randhawas testified that they paid Respondent the fees he had charged. Jagjit paid  
9 Respondent \$1,000 for the Vehicle Code violations case and \$500 for the shoplifting matter. He did  
10 not ask for a receipt. Respondent discussed the TRO matter with Baljit but did not charge any legal  
11 fees.

12 Therefore, the Randhawas did not owe Respondent any legal fees in those three matters.

13 a. Respondent's Contentions

14 Respondent denies that he had ever received any compensation for his services in the  
15 Vehicle Code violations case or the TRO matter. Respondent testified that although he did not  
16 represent Baljit on the TRO matter, he did discuss the matter with her and had expected to be paid.  
17 But Respondent did not have a written fee agreement with the Randhawas and never asked for any  
18 fees.

19 Respondent further claims in a July 13, 2001, letter to the Randhawas' subsequent  
20 counsel, attorney Bryant H. Byrnes,<sup>1</sup> that the Randhawas owed him an additional \$4,500 for his  
21 representation in the shoplifting matter. But Baljit did not plead guilty to shoplifting and was let off  
22 on a fine of \$100. Moreover, Respondent testified he did not have a copy of any written fee  
23 agreement and that he does not remember whether he charged a flat fee.

24 Thus, Respondent's contention that the Randhawas still owe him legal fees in Baljit's  
25 three matters is without merit.

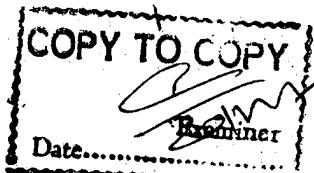
26 //

27

28 <sup>1</sup>State Bar exhibit 9, p. 9.

-3-

No. 13(3)



8/6  
c/s 30/10/07  
VIJAY DATTA  
Sub Divisional Magistrate  
Rajouri Garden  
Old Middle School Complex  
Ram Pura, Delhi-110036

Re  
In or  
\$2,500 which  
In 19  
house. Jagjit  
paid Respondent

10 received only 66%

21 FEB 2007

क्र. नं. १५५३	दिनांक
No: .....	Date
अमिता	मुख्य दिविजनाथ
गरिमा	पिता है
कुमार	जीर्ण
कुमारी	मुख्य दिविजनाथ
मुख्य दिविजनाथ	पिता है
मुख्य दिविजनाथ	जीर्ण

(सेक्सर यादव) SHEKHAR YADAV  
Secty. (मोर्गानी) M. Secy. (Morgan)  
Officer (O.I.)  
समाज CPV Division  
विदेश मंत्रालय, नई दिल्ली  
Ministry of External Affairs, New Delhi



## 2. *Representation of Jagjit Randhawa*

Respondent represented Jagjit in two legal matters.

In or about 1996, Respondent represented Jagjit in one DUI case. Respondent charged him \$2,500 which Jagjit paid. Again, there was no written fee agreement.

In 1997, Jagjit hired Respondent to retrieve some of his personal property from a friend's house. Jagjit paid Respondent \$700 to handle the case, as charged by Respondent. The Randhawas paid Respondent in full.

a. **Respondent's Contentions**

Respondent claims that he charged Jagjit \$3,000 for the DUI matter and that he received only \$500. As a result, Respondent argues that Jagjit still owes him the balance of \$2,500.

Respondent also contends that he charged the Randhawas \$3,500 for the personal property case but received only \$500. Respondent admits that while he thinks he gave Baljita a fee agreement in this matter, he does not have a copy even though it is his policy to keep a copy of his fee agreements.

Respondent's contention that the Randhawas still owe him legal fees in Jagjit's two matters is rejected.

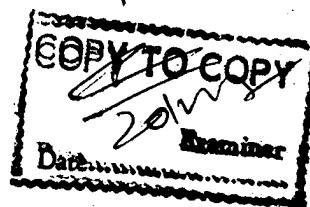
### 3. The Randhawas' Investment in Amerindia Foods Limited

Amerindia Foods Limited (AFL) is a food company incorporated in 1992 that is supposedly located in India. AFL's primary business purpose was to manufacture mango juice and manage a large tomato farm in India. According to Respondent, he was one of AFL's principal founders. Other founders included his family and relatives. Respondent was AFL's President of the North American branch and legal counsel in the United States. Respondent's brother, Chiter S. Khanna, was AFL's chairman. In 1996, when his brother had a heart attack, Respondent was sometimes referred to as the chairman of AFL. Respondent testified that between 1995 and 2003, the company tried to acquire machinery but was unsuccessful.

26 In June 1995, Respondent opened a checking account at Bank of America in the name of  
27 Khanna Foods, USA, account number 05559-07175 (Khanna Foods account). According to  
28 Respondent, Khanna Foods, USA was not a company – it was his own business name. Respondent

4

**ANNEXURE No. 13 (4)**



0/5 8/6  
26/4/07  
**VIJAY DATT**  
Sub Divisional Magistrate  
Rajouri Garden  
Old Middie School Complex  
Ram Pura, Delhi-110036.

becattie.com

21 FEB 2007

### 1.2.2.1 (1) ~~and~~ (2) ~~and~~ (3) ~~and~~ (4) ~~and~~ (5) ~~and~~ (6)

शेखर यादव SHEKHAR YADAV  
पदाधिकारी (योग्यता)  
Officer (S1 L1)  
संघीय सेवा CPV Division  
विदेश मंत्रालय, नई दिल्ली  
Ministry of External Affairs, New Delhi



admitted that he was the sole proprietor of Khanna Foods, USA. He set up the account to receive royalty payments from AFL for technology that he and his mother had developed with respect to hybrid tomato seeds and to pay any incidental expenses that Respondent as legal counsel for AFL incurred in the United States.

In 1996, while representing the Randhawas, Respondent frequently discussed with Jagit about AFL, its lucrative potentials, and the window period that the Randhawas could also partake in this business venture. Respondent enticed the Randhawas to invest in AFL. After viewing the company brochure and placing their trust on Respondent as a friend and attorney, the Randhawas became convinced of AFL's profitability and hurriedly gave Respondent \$25,000 for investment in AFL within the deadline before Respondent left for India in November 1996. In return, the Randhawas were to receive certain shares of stock in AFL.

Respondent provided the Randhawas with deposit slips to his personal bank account and Khanna Foods account. Respondent instructed them that each deposit should be less than \$10,000 to avoid the scrutiny of tax officials. The deposit made in Respondent's personal bank account was for investment and not for payment of legal fees.

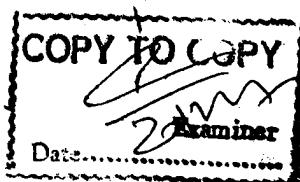
In accordance with Respondent's instructions, the Randhawas invested \$25,000 in AFL by making three deposits in Respondent's bank accounts at Bank of America as follows:

<i>Date of Deposit</i>	<i>Amount</i>	<i>Account No.</i>
11/18/96	\$ 9,000	05557-07176 (Respondent's personal account)
11/18/96	\$ 9,000	05559-07175 (Khanna Foods account)
11/19/96	<u>\$ 7,000</u>	05559-07175 (Khanna Foods account)
<i>Total</i>	<i>\$25,000</i>	

Respondent then left for India. On November 25, 1996, Respondent issued a check made payable to himself from the Khanna Foods account in the amount of \$4,000 for his Indian trip. (State Bar exhibit 6, p. 47.)

While Respondent was in India, he called the Randhawas to tell them that they would have

## ANNEXURE No.13(5)



*21/11/07*  
 c/s  
 VIJAY DATTA  
 Sub Divisional Magistrate  
 Rajiv Gandhi  
 Old Middle School Complex,  
 Ram Pura, Delhi-110035.

to parson  
Page 38 of 50  
Rupees 38.00/-  
the receipt  
20 latches sh  
Des  
AFL stock  
their invest  
9

to pay an additional \$5,000 to \$6,000 in cash in order to have an investment of ~~ten lakhs~~<sup>3</sup> of Indian Rupees. When Respondent returned from India, the Randhawas paid Respondent the additional \$6,000 in cash as requested. They had borrowed the money from Jagjit's father.

Between December 1996 and September 1997, AFL sent three letters to Jagjit, confirming the receipt of his investment funds and promising the imminent issuance of stock certificates worth 20 lakhs shares.<sup>4</sup>

Despite Respondent's and AFL's repeated promises and Jagjit's constant inquiries regarding AFL stock, to date, the Randhawas have not received a single stock certificate or any evidence of their investment.

Contrary to Respondent's assertion that he set up the Khanna Foods account to receive royalty payments from AFL and to pay any incidental expenses that Respondent as legal counsel for AFL incurred, Respondent used the account to pay Respondent's personal bills and purchases. In December 1996, he paid \$1,827 for a computer, \$1,028.38 for another computer and \$200 with a notation "Happy Holiday," and \$100 to Household Credit Services, Inc. In January 1997, he paid \$330.97 to PacBell and \$20 for a parking citation.

In 2001, after it became clear to the Randhawas that they were never going to receive a single stock certificate or any evidence of their investment, the Randhawas hired attorney Bryant H. Byrnes to assist them in recovering and/or obtaining an accounting of their investment funds. On June 29, 2001, Attorney Byrnes wrote to Respondent, asking for an accounting of the investment funds and legal fees that the Randhawas had paid.<sup>5</sup>

On July 13, 2001, Respondent listed the Randhawas matters and stated that he had received \$2,100 in legal fees from the clients but that they still owed him about \$19,000.<sup>6</sup> However, he did not provide an accounting of the fees or the investment funds. Respondent further wrote:

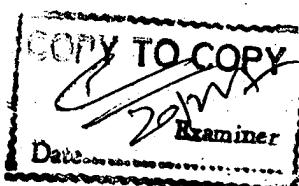
<sup>2</sup>A lakh is a unit in Indian currency.

<sup>3</sup>State Bar exhibit 28, pp. 3, 4 and 6.

<sup>4</sup>State Bar exhibit 9, pp. 8-12.

<sup>5</sup>State Bar exhibit 9, p. 8.

1 ANNEXURE No. 13(6)



*8/6*  
cls VIJAY BHATTA  
Sub Divisional Magistrate  
Rajouri Garden  
Old Middle School Complex,  
Ram Pura, Delhi-110036.

2  
3  
4 In other word, R  
5 Randhawas un  
6 depleted by 2001.

7 On July 18,  
8 allow him an oppor  
9 that these were clos  
10 not be able to do any  
11

21 FEB 2007

राम १५०३ दिनांक  
No. ..... Date  
अनिवार्य दिनांक वर्षीय / देश दिविजन्ति  
मन्त्रिमंडल / वित्त विभाग / विवाह  
राज्य संसद विभाग / विवाह  
प्रधानमंत्री / विवाह (Executive)  
मंत्री विवाह विभाग



Shekhar Tandon  
मन्त्री विवाह विभाग (मो.वा.वी.)  
मंत्री विवाह विभाग-CPV विभाग  
मिनिस्टरी ऑफ एक्सार्टियर एफएस, नई दिल्ली  
Ministry of External Affairs, New Delhi

3  
 "Since June 1999, when I disassociated from Mr. Randhawa, he has  
 4 repeatedly threatened and harassed me about his claimed investment  
 5 in the Indian project. I have repeatedly told him to please show the  
 6 receipts of the money which he claims he sent to India or deposited  
 in my account for payment of fees."

7 In other word, Respondent was denying he had ever received the investment funds from the  
 8 Randhawas unless they had proof. Meanwhile, the \$16,000 in the Khanna Foods account was  
 9 depleted by 2001.

10 On July 18, 2001, attorney Byrnes again wrote to Respondent requesting that Respondent  
 11 allow him an opportunity to see six Randhawas client files.<sup>6</sup> On August 7, 2001, Respondent replied  
 12 that these were closed files, he would have to locate them, and due to the press of business he would  
 13 not be able to do anything about the files until the end of August. On September 18, 2001, attorney  
 14 Byrnes again requested that Respondent make available to him the Randhawas' files.<sup>7</sup> On September  
 15 21, 2001, Respondent replied:

16 "I am extremely busy till the 15<sup>th</sup> of October, 2001. However, I can  
 17 certainly send the copies of all the files ... which I have been able to  
 18 locate. Those certainly belong to him and he has an absolute right to  
 19 those files. I will charge you the going rate for copying and my  
 time."<sup>8</sup>

20 Although Respondent replied, his answers were nonresponsive. Respondent did not return  
 21 the files or provide an accounting. In December 2001, attorney Byrnes assisted the Randhawas in  
 22 filing a complaint with the State Bar. When the State Bar wrote to Respondent in January 2002  
 23 about the return of the client files, he replied:

24 "This is the first time I have been requested to do so. Neither the  
 25 Randhawas nor their attorney Mr. Byrnes had asked for the files to be  
 26 sent."<sup>9</sup>

27 In the April 2002 response, Respondent wrote: "I did not know who to send the files to."  
 28 Respondent finally returned the files to attorney Byrnes in April 2002.

25 "State Bar exhibit 9, p. 13.

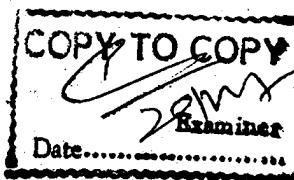
26 <sup>7</sup>State Bar exhibit 9, p. 15.

27 <sup>6</sup>State Bar exhibit 9, p. 17.

28 <sup>9</sup>State Bar exhibit 11.

-7-

ANNEXURE No. 13(7)



8/6  
 20/2007  
 VIJAY DATTA  
 Sub Divisional Magistrate  
 Rajouri Garden,  
 Old Middle School Complex,  
 Ram Pura, Delhi-110065.

3  
4  
5  
6  
7  
8  
9  
10

or instructed the  
stolen from his  
slips.

Respondent wrote:

"The  
As Ra  
mone;  
Respondent

रा. ५१ (टी) दिनांक २१.५.२००७  
No. ५१ (टी) Date 21.5.2007  
अनियंत्रित विषय: विदेशी सेवा विवरजनक  
मिशन / विदेशी सेवा विवरजनक / विवरजन  
विवरजनक विवरजनक  
द्वारा दिलाई गई विवरजन  
The Executive Secretary (Executive)  
Mogulam / Secretary of Mission  
Minister of External Affairs



(अमर यादव) SHEKHAR YADAV  
विदेशी सेवा विवरजनक (टी. ५१ (टी))  
Secretary, CPV Division  
विदेशी सेवा विवरजनक, नई दिल्ली  
Ministry of External Affairs, New Delhi



4  
a. Respondent's Contentions

5 Respondent denies that he had ever given the bank deposit slips to the Randhawas or instructed them to make such deposits. He argues that those bank deposit slips must have been stolen from his office because he had no idea how the Randhawas obtained access to those deposit slips.

6 In a January 30, 2002 letter<sup>10</sup> to State Bar Complaint Analyst, Rebecca Foley,  
7 Respondent wrote:

8 "The Randhawas never paid me \$25,000 for a business investment.  
9 As Randhawas were my clients, they were strictly prohibited to invest  
money in any of my personal investments."

10 Respondent stated that on November 18, 1996, Jagjit called him after he deposited \$9,000 in  
11 Respondent's personal bank account as partial payment for his legal fees and \$9,000 in the Khanna  
12 Foods account and threatened that he was going to deposit another \$16,000 into the Khanna Foods  
13 account in the next few days. Respondent recalled being very upset that Jagjit deposited \$9,000 for  
14 investment in the Khanna Foods account. He also blamed the Randhawas for being "out of control  
15 and uncooperative during their status as [his] clients." He "opted to withdraw as their counsel but  
16 stayed on when they pleaded total ruin because of language and cultural barriers." He contended that  
17 the Randhawas still owed him more than \$19,000 in legal fees.

18 He further alleged in his January 2002 letter that once he sent the money to AFL, it  
19 was AFL's responsibility to return the \$16,000 to the Randhawas and that he had "nothing to do with  
20 [Jagjit's] investment."<sup>11</sup> He also wrote: "Because of not being able to exercise any control over  
21 Randhawas I closed both account sometimes in 1999."<sup>12</sup>

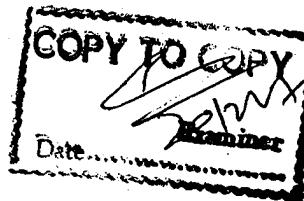
22 Respondent claimed that he told Jagjit that investing in AFL was absolutely forbidden  
23

24  
25 <sup>10</sup>State Bar exhibit 11.

26  
27 <sup>11</sup>In Respondent's January 30, 2002 letter to the State Bar, Respondent stated, "Since 1999, Mr. Randhawa has been enquiring about his investment in AFL. I have repeatedly told him that I have nothing to do with his investment and that he should contact AFL directly." (State Bar exhibit 11.)

28 <sup>12</sup>State Bar exhibit 11.

13(8)



8/10  
c/s 21/10  
VIJAY DATTA  
Sub Divisional Magistrate  
Rajpuri Garden,  
Old Middle School Complex,  
Ram Pura, Delhi-110035.

Page 44 of 50

5 to return the go. It  
6 intrigued by Jagi.  
7 claimed that since  
8 as the attorney for  
9 and request that A

that on November 18, 1996, he sent Jagjit a letter to that effect.<sup>17</sup> In the November letter, Respondent warned Jagjit that he could not invest in any of Respondent's personal projects, such as the AFL. He admonished Jagjit not to invest any money in AFL. He also told Jagjit that he was sending Jagjit's investment funds to India and would advise AFL not to allow Jagjit to invest and to return the money. But the Randhawas testified that they never saw that letter.

6 In an April 11, 2002 follow-up letter to the State Bar,<sup>14</sup> Respondent purported to be  
7 intrigued by Jagjit's knowledge of his personal and AFL accounts at Bank of America. He also  
8 claimed that since Jagjit, on his own initiative, deposited the funds for investment, his fiduciary duty  
9 as the attorney for AFL was to forward the money to AFL (which was their notice of the investment)  
10 and request that AFL then return the money to the Randhawas.

At trial, Respondent testified that when he learned that the Randhawas had deposited \$16,000 into his Khanna Foods account, he asked his mother in India, who was a shareholder in royalties to AFL, to give \$16,000 to AFL. Respondent reckoned that once his mother transferred \$16,000 to AFL, the \$16,000 in his Khanna Foods accounts was then his personal money. He further testified that the \$9,000 deposited in his personal account was for outstanding legal fees that the Randhawas still owed.

17 The Court finds Respondent's contentions absolutely unbelievable and unreasonable  
18 and rejects his fabricated stories. In particular, Respondent was at a loss to explain where his mother  
19 obtained the \$16,000 to give to AFL in India. Respondent told the Randhawas to pursue the refund  
20 of their investment funds from AFL directly and not from him because he could not touch the funds  
21 in the Khanna Foods account. Yet, he considered the \$16,000 in the account as his personal money.

22 More important, the Court does not believe that the entity of AFL even existed.  
23 Respondent has produced no independent reliable evidence, other than photocopies of uncertified  
24 documents and letters from alleged officers of the company.

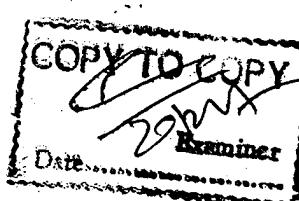
Assuming that AFL was incorporated in 1992 and the Khanna Foods account was

27 <sup>13</sup>State Bar exhibit 28, p. 2.

28 | <sup>14</sup>State Bar exhibit 13.

-9-

**ANNEXURE No 13 (9)**



1/3 *S. S. D.* VIJAY DATTA  
Sub Divisional Magistrate  
Rajouri Garden,  
Old Middle School Compound,  
Ram Pura, Delhi-110036.

in 19  
the a  
\$22.41 in S  
5 May 1999, in  
righteously clai  
when in fact the  
India. The Doc  
Randhawa that a

राज्य प्रमाण पर्याप्त दिनांक 21 FEB 2007  
No. ०१०५०

अतिविवरित विवाह विवरण / या विविजनक  
महिला / वार्षिक विवरण / विवाह  
राज्य प्रमाण पर्याप्त दिनांक दिनांक  
उत्तराधिकारी विवाह विवरण / विवाह  
त्रिविवाह विवरण / विवाह विवरण / विवाह  
विवाह विवरण / विवाह विवरण / विवाह

प्रमाण पर्याप्त दिनांक 21 FEB 2007  
विवाह विवरण / विवाह विवरण / विवाह  
उत्तराधिकारी विवाह विवरण / विवाह  
त्रिविवाह विवरण / विवाह विवरण / विवाह  
विवाह विवरण / विवाह विवरण / विवाह

विवाह वादव / SHEKHAR TABAD  
प्रमाण पर्याप्त दिनांक (०१०५०)  
Section Officer (S.O.)  
लोकोत्तीर्ण विभाग CPV Division  
दिवाली मंदिरलय, नई दिल्ली  
Min. of External Affairs, New Delhi



43

opened in 1995 for the purpose of AFL doing business in United States, between the years 1996 and 1999, other than the Randhawas' \$16,000 deposit in November 1996 and a \$100 deposit in January 1997, the account had no other deposits during those three years. The balance ranged between \$22.41 in September 1996 and (\$59.44) in January 1997, excluding the Randhawas' deposit.<sup>15</sup> By May 1999, the balance was zero. Such a business account is clearly suspect. Respondent self-righteously claimed that he had to close the bank accounts because the clients were out of control when in fact, there were no other substantial transactions except for the \$25,000 in November 1996.

Moreover, there is no evidence that the alleged letters from AFL were mailed from India. The December 21, 1996, letter<sup>16</sup> from the Director of Finance of AFL, informing the Randhawas that AFL received their investment of five Lakhs and 52,000 Rupees and that stocks and shares would be issued in January 1997, was personally delivered to the Randhawas by Respondent. Similarly, the September 19, 1997, letter,<sup>17</sup> informing the Randhawas that AFL was in the process of issuing the class A preferred stock certificate worth 20 lakh shares to the Randhawas, was also personally delivered to the Randhawas by Respondent.

In February 2003, the State Bar investigator Alice Verstegen wrote letters to the alleged officers of AFL in India – Financial Controller, the Secretary-Corporate Affairs and the Vice-President of Human Resources – regarding the Randhawas' investment in AFL. She never received replies from these individuals.<sup>18</sup> Instead, the State Bar received a letter from Chiter S. Khanna, Respondent's brother and purportedly the chairman of AFL, dated September 12, 2003.<sup>19</sup> The letter coincidentally corroborates Respondent's side of the story. But the suspicious letter was delivered to the State Bar in an envelope without any postage markings and Verstegen was never able to track down its origin of mailing. Respondent blamed the missing original envelope from India on the

<sup>15</sup>State Bar exhibit 6.

<sup>16</sup>State Bar exhibit 28, p. 3.

<sup>17</sup>State Bar exhibit 28, p. 6.

<sup>18</sup>State Bar exhibit 21.

<sup>19</sup>State Bar exhibit 27.

ANNEXURE NO 13 (10)



ds 8/10  
24/2/10

VIJAY DATTA  
Sub Divisional Magistrate  
Rajput Colony,  
Old Middle School Compound,  
Ram Pura, Delhi-110036,

Date  
responded

4 AFL work  
5 In fact, he si  
6 Mr. Randha  
7 department n  
8 October 18,  
9 operations in I

रा. १९०११ दिनांक २१ FEB 2007  
No. ....

अन्तिम दिन / दर्शक / दर्शक उपचार  
महिला / दर्शक / दर्शक उपचार  
राज्य / दर्शक / दर्शक उपचार  
सरकारी / दर्शक / दर्शक उपचार

कानूनी विवाह / विवाह (Executive)  
Marriage / विवाह (Marriage)  
Ministry of External Affairs



*Shekhar Tandon*  
राज्यालय अधिकारी (रा. वार्षि.)  
Section Officer (R.A.)  
लोकोन्नति विभाग, CPV Division  
विदेशी विवाह, नई दिल्ली  
Min. of External Affairs, New Delhi

निवास पाल (विवरणी) \* 10/10/2007

State Bar's destruction of evidence. Absent any evidence of tampering, the Court believes that Respondent somehow had the letter delivered to the State Bar and not necessarily from India. Chiter Khanna's letter contradicted the other alleged letters from AFL. He wrote that AFL would immediately refund the money to the Randhawas as unsolicited funds for investment. In fact, he stated that "we have made every possible effort from 1997 to 1999 to refund the funds to Mr. Randhawa." While he indicated that the investment was prohibited and that its financial department made an error regarding the issuance of the stock, there is no evidence of the alleged October 18, 1997 follow-up letter correcting its error. He further claimed that AFL ceased operations in 1999 and was in the process of liquidation, some five years later. In sum, the letter conveniently supported Respondent's arguments without any credible evidence.

Finally, Respondent is supposedly the legal counsel for AFL, yet he could not produce any certified copies of AFL's articles of incorporation. In fact, he could not produce any certified copies of documents proving AFL's legal existence. Respondent may have had originally intended AFL to be a legitimate business. Yet, it never got off the ground. AFL became a sham corporation, unbeknownst to the Randhawas. But Respondent knew. Nevertheless, Respondent maintains that the current status of AFL is good in 2004 even though AFL's chairman stated that they were in the process of liquidation in 2003.

C. *Conclusions of Law*

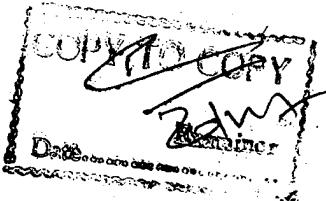
I. *Count One: Avoiding Interests Adverse to a Client (Rules Prof. Conduct, Rule 3-300)<sup>20</sup>*

Rule 3-300 provides that an attorney must not enter into a business transaction with a client or knowingly acquire an interest adverse to a client unless the transaction or acquisition is fair and reasonable to the client, is fully disclosed to the client, the client is advised in writing that the client may seek the advice of an independent lawyer of the client's choice and is given a reasonable opportunity to do so, and the client thereafter consents in writing to the transaction or acquisition.

The purpose of this rule is to "recognize the very high level of trust a client reposes in his

<sup>20</sup>References to rules are to the current Rules of Professional Conduct.

ANNEXURE No. 13 (11)



c/s 8/10/07  
VIJAY DATTA  
Sub-Divisional Magistrate  
Rajouri Garden  
Old Middle School Colony  
Ram Pura

he "also happens".  
7 24.) Such a case is reasonable. (H  
8 9 10

सं. 89028 दिनांक 21 FEB 2007  
No. Date

